

EXHIBIT ;

UNDER PROTECTIVE ORDER

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1 UNITED STATES DISTRICT COURT
2 FOR THE EASTERN DISTRICT OF VIRGINIA
3 CASE NO.: 2:18cv530
4

5 CSX TRANSPORTATION, INC.,
6 individually and on behalf of
7 NORFOLK & PORTSMOUTH BELT LINE
8 RAILROAD COMPANY,
9 Plaintiff,
10 vs.
11 NORFOLK SOUTHERN RAILWAY
12 COMPANY, et al.,
13

Defendants.

11 _____/
12
13 TRANSCRIPT DESIGNATED UNDER PROTECTIVE ORDER
14 VIDEOTAPED DEPOSITION OF
15 DEAN PIACENTE
16 Friday, January 15, 2021
17 10:33 a.m. - 4:51 p.m.
18 Remote Proceedings
19
20
21
22
23

24 Stenographically Reported By:
25 Gina Rodriguez, RPR, CRR, CCP
Job No. CS4376064

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1 "run," out of the Port of Virginia specifically we
2 were able to run westbound, north and then west.

3 Q. And I think you said that there was --
4 there was a second portion of the project to create
5 another set of tracks; is that right?

6 A. Right.

7 Q. And when was that portion completed?

8 A. I don't recall the date that may have come
9 after my time, but I believe it was sometime in 2018.

10 Q. So once the second set of tracks was
11 completed, CSX was able to run more trains to and
12 from the Port of Virginia; is that right?

13 A. We had the capability to if the volume was
14 there.

15 Q. And --

16 A. I don't think it was -- it was required at
17 that point for the volume that we had because it is
18 always highly dependent on demand, and I don't recall
19 that it was -- it was necessarily an obstacle for us,
20 having the second train.

21 Q. And would this apply to cargo moving from
22 the Port of Virginia to the Midwest?

23 A. Yes.

24 Q. So in late 2016, after the Virginia Avenue
25 Tunnel was completed, CSX had doubled its capacity

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1 out of the Port of Virginia; is that right?

2 A. We had the ability to run double --
3 double-stack clearance, which gave us an economic
4 improvement and a capacity improvement. Whether it
5 was double -- you could say it's double the
6 containers on a train, yes.

7 Q. So when you say "capacity improvement," are
8 you referring to double the amount of containers?

9 A. On a train, yes.

10 Double -- double-stack on the train versus
11 lengthening a train of single containers,
12 single-stack.

13 Q. What are the benefits of running a
14 double-stack train as compared to a single-stack
15 train?

16 A. Well, the benefits are as more volume comes
17 on, you have the capability to handle it coming off
18 of a port, and that's important for the ports so you
19 don't have congestion.

20 And, certainly, there is an economic
21 benefit of having two containers on a -- you know,
22 stacked on top of one another versus one and you
23 pulling it with the same locomotives and crews.

24 Q. So when you said that, you know, one of the
25 benefits is as more volume comes on, you have the

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1 Q. Could you tell me what "discretionary
2 cargo" means.

3 A. Well, as I understand "discretionary
4 cargo," I would define it as the cargo that lands at
5 a port that is not destined to the near-end-to-port
6 consumers.

7 So in the case of the Port of Virginia,
8 the near-end markets -- like Washington, D.C.;
9 Richmond, Virginia; perhaps North Carolina -- would
10 be primary base loads destinations, and
11 discretionary traffic would be the traffic that
12 would travel further inland to, like, the Ohio
13 Valley and Illinois. It would be the minority of
14 the traffic on a ship.

15 Q. So is it -- would it be accurate to say
16 that those inland markets don't have a port in the
17 immediate vicinity?

18 A. The inland markets don't have -- the inland
19 markets of Ohio and Illinois, they have river ports,
20 but those river ports don't have large steamship
21 lines calling on those ports. They're typically
22 bulk-product-type ports that float up a river.

23 Q. And for -- for discretionary cargo destined
24 for, you know, these inland ports -- or, sorry, these
25 inland markets, can ocean carriers call on more than

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1 one port to transport that cargo?

2 A. Ocean carriers that land on the East Coast
3 for -- there are reasons for landing on the
4 East Coast -- might have traffic that comes to
5 different ports for their own modeling reasons,
6 economically and operationally. I couldn't say what
7 those are. But yes, there could be traffic that is
8 handled over different ports to the same markets.

9 Said another way, Chicago traffic can come
10 in from the West Coast, it can also -- it can also
11 come in through the East Coast.

12 Q. Do you ever see ports compete for
13 discretionary cargo?

14 A. I can't say how the -- how the ports
15 compete, but I can say that the ports are spending an
16 enormous amount of money expanding and deepening
17 their waterways to be a more effective competitor to
18 other ports. So you -- when you read public
19 releases, you can see the ports promoting their
20 capabilities to attract traffic.

21 Q. Mr. Piacente, I want to ask you a little
22 bit about CSX services in Virginia, if that's all
23 right.

24 A. Sure.

25 Q. So it's my understanding that CSX provides

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1 MR. GENTRY: I'm on Tab Number 11.

2 MR. SNOW: Okay, thank you.

3 MR. GENTRY: Sure.

4 A. Okay.

5 BY MR. GENTRY:

6 Q. Mr. Piacente, this article appears to be
7 discussing some service issues with CSX at this time
8 in August 15th, 2017; is that right?

9 A. Yes.

10 Q. And it's my understanding that these were
11 the result of a change in CSX's network operations;
12 is that accurate?

13 A. Yes. And -- and downsizing efforts.

14 Q. Can you describe to me what the changes in
15 the network operations were?

16 A. I would tell you generally. I can't tell
17 you -- net- -- network operations refers to a very
18 specific area of railroad operations, and I'm not a
19 railroad operating person.

20 But I would tell you that generally
21 speaking, the goal was to reduce the amount of train
22 handling and handling at railroad yards and to
23 reduce the number of railroad yards that processed
24 cars as well.

25 There were many, many changes, but broadly

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1 that was the goal is to reduce touches of cars,
2 touches of containers, and the number of yards
3 associated with that along with the number of
4 people.

5 Q. And so was this change referred to as the
6 precision railroading?

7 A. Yes.

8 Q. And previously CSX had been on a -- what I
9 believe is called a hub-and-spoke model?

10 A. So I'm going to reflect back on my prior
11 comments. I was talking about network operations as
12 a whole in CSX, which included services beyond
13 intermodal.

14 And the hub-and-spoke operation is an
15 operating philosophy with CSX's intermodal traffic
16 that was changed as well.

17 So broadly, most of the traffic at that
18 time had a hub-and-spoke model beyond intermodal,
19 and intermodal as well, but there were mixed
20 services. They were point-to-point services that
21 were changed as well, non hub and spoke.

22 Q. So -- but for intermodal specifically,
23 it -- it was a transition from hub and spoke to
24 precision railroading; is that accurate?

25 A. It -- it's hard to just call it that

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1 because there are still hub-and-spoke-type operations
2 going on. And precision railroading is a much
3 broader term that talks about a lot of other
4 different types of things.

5 But in general this period of time in 2017
6 is when we began the philosophy of precision
7 railroading across CSX, and it involved a great many
8 changes in many, many things, beyond just
9 intermodal.

10 Q. Understood. Thank you for that
11 clarification.

12 And -- and so it seems that during this
13 transitional period, there were a number of service
14 issues across CSX's network; is that accurate?

15 A. Yes.

16 Q. And did that include CSX's intermodal
17 operation?

18 A. It did.

19 Q. Thank you. You can put that document
20 aside.

21 And could you please open up Tab
22 Number 15, or Envelope 15.

23 MR. GENTRY: And for the court reporter,
24 this is going to be Piacente Exhibit Number 7.

25 It is Bates stamped CSXT00063227 [sic].